



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of Morgan County

County Sales Tax	<p>The county incorrectly certified a tax rate with a voluntary reduction instead of a sales tax reduction for the 3 years ended December 31, 2008, thereby reducing its tax rate ceiling beginning in 2009. The county was apparently unaware of the reduced tax rate ceiling and used incorrect tax rate ceilings when preparing its sales tax reduction calculations for 2009 through 2011, showing an under collection of property taxes each year when there was actually an over collection. The county certified tax rates equal to the lowered tax rate ceiling for each year and reported no sales tax reductions since the county believed its calculated sales tax reduction was already incorporated into the lower tax rates. Also, the county did not prepare a sales tax reduction calculation for 2012. As of December 31, 2012, the county had over collected property taxes by \$1.8 million.</p>
Sheriff Controls and Procedures	<p>Despite similar concerns noted in our prior audit reports, significant weaknesses continue to exist in the Sheriff's controls and procedures, and we were unable to determine if all monies were accounted for, deposited, and disbursed properly. The Sheriff has not established adequate segregation of accounting duties and does not perform supervisory reviews. The fee account clerk does not account for the numerical sequence of receipt slips and does not reconcile receipt records to deposits, and office personnel do not deposit monies intact or timely. The inmate account clerk does not maintain a running balance of the inmate refund cash fund, and controls and records for seized cash are not sufficient. Office personnel do not prepare monthly lists of liabilities, the office lacks adequate procedures to ensure monies received are timely disbursed, and the office has not turned over any 2012 commissary profits or any phone card profits to the county treasury.</p>
Property Tax System Controls and Procedures	<p>The County Collector's access to the property tax system is not adequately restricted. The County Clerk does not prepare or verify the accuracy of the delinquent tax books prepared by the County Collector, and neither the County Clerk nor the County Commission adequately reviews the financial activities of the County Collector. As noted in our prior audit report, there is no procedure in place to ensure outlawed taxes and abatements initiated by the County Collector are reviewed by the County Commission, and neither the County Commission nor the County Clerk review and approve the Assessor-initiated property tax additions and abatements report.</p>
County Collector Withholdings and Commissions	<p>The County Collector withheld more from tax collections for the Assessment Fund than allowed by state law during the year ended February 28, 2013, and erroneously calculated assessment withholdings on city tax collections, resulting in amounts owed to cities and other taxing authorities from the Assessment Fund. During the same year, the County Collector also failed to deduct assessment withholdings from the General Revenue Fund's share of property taxes, and incorrectly calculated Proposition C commissions and withholdings for school districts.</p>
Prosecuting Attorney Controls and Procedures	<p>Neither the Prosecuting Attorney nor the office manager reviews adjustments to defendant accounts receivable balances made by the legal assistant, and</p>

adequate documentation is not always maintained to support the reasons for the adjustments. Prosecuting Attorney personnel do not prepare a monthly list of liabilities for the restitution and bad check account, so liabilities are not compared to the reconciled bank balance, and this account contained an unidentified overage of \$1,969. At March 31, 2013, 39 checks, totaling \$4,018 had been outstanding for over a year in the restitution and bad check account. In addition, at December 31, 2012, the inactive trust account had 14 outstanding checks totaling \$773 with issue dates ranging from 3 to 7 years old, and an unidentified balance of \$685.

County Procedures and Plans	The county collects a maintenance levy on 13 Neighborhood Improvement Districts, but has not developed a long-term plan regarding the use of the \$1.3 million in this account as of December 31, 2012. The road and bridge department, the 911 Administrator, and the Sheriff's office do not have adequate procedures for monitoring fuel usage; the county does not report the value of personal and commuting mileage by some county officials to the Internal Revenue Service; and the county hired two individuals as independent contractors rather than employees without documenting reasons for classifying them as independent contractors.
Senate Bill 40 Board	As noted in our prior audit report, the Senate Bill 40 Board has not adequately segregated accounting duties, and the Executive Director does not prepare monthly bank reconciliations for the account. The Board discussed issues in closed sessions that are not allowable under the Sunshine Law, and open meeting minutes did not document the vote for closing the meeting for 2 of the 4 closed sessions held during 2012.
Additional Comments	Because counties are managed by several separately-elected individuals, an audit finding made with respect to one office does not necessarily apply to the operations in another office. The overall rating assigned to the county is intended to reflect the performance of the county as a whole. It does not indicate the performance of any one elected official or county office.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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